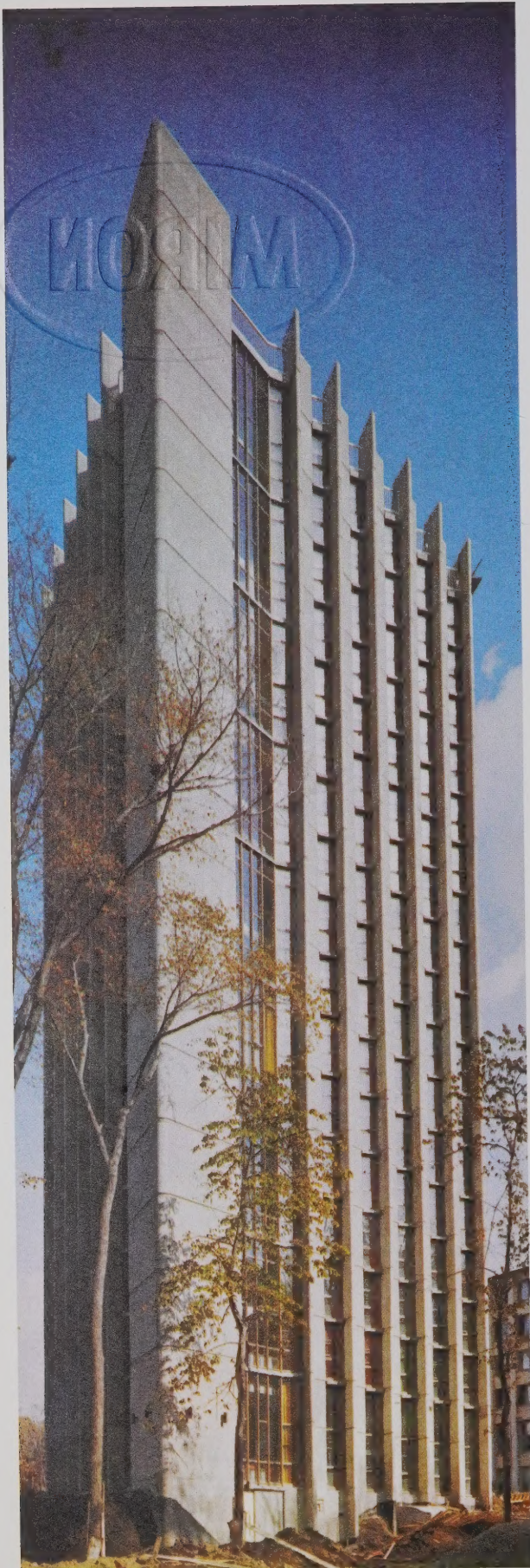


ANNUAL REPORT 1965/66



*Lee J*







COMPANY LTD.

Please quote reference  
in all correspondence

DIVISION

DEPARTMENT PUBLIC RELATIONS

2201 JARRY ST. EAST, MONTREAL 38, QUE. - 376-2020

July 7th, 1966.-

Financial Editor,  
GLOBE & MAIL,  
Toronto, Ontario.

Dear Sir:

We take much pleasure in enclosing a copy of  
our Annual Report for the year ending March 31st,  
1966.

The results of the fiscal year just ended show  
once again marked progress for our company. We are  
sure that you will find the information contained in  
this report most interesting.

Thanking you most sincerely for your usual close  
cooperation.

Yours very truly,

J. B. LANGEVIN  
Vice-President,  
Director of Public Relations.

JBL/gd  
Incl.



# ANNUAL REPORT MIRON COMPANY LTD.

*For the year ended March 31st 1966*

Some construction projects where  
MIRON concrete was used.

- 1 Women's Residence, University of Montreal.
- 2 Internationally known RUBY FOO'S Motel & Restaurant, Montreal.
- 3 Marguerite de Lajemmerais School, Montreal.
- 4 Beautiful luxury apartment "LE CARTIER", in Montreal.

Collector sewer built by MIRON for  
the City of St. Laurent, Que.



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- 10 Consolidated Statement of Source and Application of Funds
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- 12 Expansion Program



Pour un exemplaire de ce rapport  
en français, s.v.p. écrire au:  
Secrétaire-Trésorier  
COMPAGNIE MIRON LTÉE  
2201 est, rue Jarry, Montréal 38, P.Q.



Meeting of the Board of Directors.

## BOARD OF DIRECTORS

THE RIGHT HON. LOUIS S. ST-LAURENT, P.C., Q.C.  
 IGNACE BROUILLET, ENG., Senior Partner, Brouillet, Carmel, Boulva (Consulting Engineers)  
 FRED H. ERNST, ENG.,\* Executive Vice-President & General Manager, Miron Company Ltd.  
 MARCEL FARIBAULT, President, General Trust of Canada  
 ANDRÉ P. JADOUL,\* Managing Director, Cimenteries C.B.R. Cement Bedrijven  
 HERBERT H. LANK,\* Chairman, Board of Directors, DuPont of Canada Limited  
 LOUIS A.-LAPOINTE, Q.C.,\* President, Miron Company Ltd.  
 JOSEPH MERTZ, Director of Finance, Cimenteries C.B.R. Cement Bedrijven  
 J. BARTLETT MORGAN, President, The Morgan Trust Company  
 MAURICE NOIRFALISE, Director of Engineering, Cimenteries C.B.R. Cement Bedrijven  
 MAX NOKIN, Governor, La Société Générale de Belgique S.A.  
 JULES DUBOIS-PÉLERIN, President, Société Générale de Banque, S.A.  
 JULIEN VAN HOVE,\* Asst. Managing Director, Cimenteries C.B.R. Cement Bedrijven

\*Member of the Executive Committee

## OFFICERS

THE RIGHT HON. LOUIS S. ST-LAURENT, P.C., Q.C., Chairman, Board of Directors  
 ANDRÉ P. JADOUL, Chairman, Executive Committee  
 LOUIS A.-LAPOINTE, Q.C., President  
 FRED H. ERNST, ENG., Executive Vice-President and General Manager  
 C. WILSON SEALE, Vice-President & Secretary-Treasurer  
 MARCEL DORAIS, ENG., Vice-President — Construction  
 CHARLY BINAMÉ, ENG., Vice-President — Construction Materials  
 JACQUES B. LANGEVIN, Vice-President — Public Relations

## TRANSFER AGENT & REGISTRAR

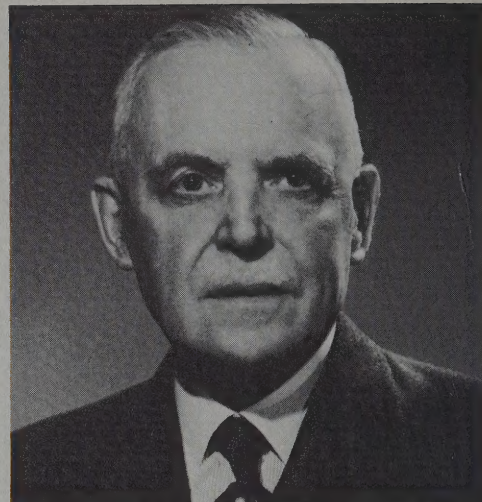
THE ROYAL TRUST COMPANY  
 CANADA PERMANENT TRUST COMPANY

## AUDITORS

MARCEL M. DUCHARME, C.A., of Samson, Bélair, Côté, Lacroix et Associés  
 H. MARCEL CARON, C.A., of Clarkson, Gordon & Co.

## LEGAL COUNSEL

HOWARD, CATE, OGILVY, BISHOP, COPE, PORTEOUS & HANSARD  
 LACROIX, VIAU, LACROIX & THIVIERGE



The Rt. Hon.  
 LOUIS S. ST-LAURENT, P.C., Q.C.  
 Chairman, Board of Directors

## ANNUAL REPORT TO THE SHAREHOLDERS

Your Board of Directors, in presenting the results of the year 1965/66, is pleased with the high level of activity which has contributed to the progress of the Company during the past twelve months, but at the same time, recognizes that the results achieved reflect an economic problem of growing importance. We are experiencing a period when, despite appreciable growth in sales volume, profits are not rising in a like proportion. Faced with this uncertain climate, your Directors are taking a cautious view of the apparent prosperity which characterizes the economy today.

### HIGHLIGHTS OF THE YEAR

	1964/65	per share	1965/66	per share	% increase
	(000)		(000)		
Sales . . . . .	\$34,047	—	\$40,667	—	+19.4
Depreciation . . . . .	3,352	—	3,392	—	—
Profit from operations . . . . .	2,829	\$1.03	3,145	\$1.14	+11.2
Non recurring profits . . . . .	223	.08	—	—	—
Net earnings . . . . .	3,052	1.11	3,145	1.14	+ 3.0

As shown above, volume of sales and services increased by 19.4 % over the previous year. Operating profits increased by 11.2 %. It may seem surprising that such a level of business volume does not produce a comparable increase in profits. However, operating costs are increasing gradually, and have not yet been offset by increased selling prices. Competition is keen in the construction industry and too many contractors are ready to accept very small profit margins.

During the summer of 1965, a general strike of independent truck operators seriously affected deliveries of our products and work on our construction projects. In addition, suppliers of trucks and construction equipment in some instances were unable to meet promised delivery dates for new equipment. For these and other reasons mentioned below, our profits have not followed the improvement in sales volume.

After taking into account these unfavourable factors, we have nevertheless increased total profits to \$1.14 per share compared with \$1.11 per share last year, which latter figure included \$0.08 per share of non recurring profits; the true increase thus being \$0.11 per share in favour of the year under review.

Our share of the market has meanwhile not been reduced, and your Company has maintained its strong position in the market throughout the period. The narrowing profit margin being felt by so many companies has been further accentuated for us during the past year due not only to the above-mentioned reasons but also to the fact that we have invested substantial sums of money for the expansion and improvement of our productive facilities.

### CEMENT

Sales of cement to customers rose by 7% and at the same time the Company used substantially more cement in the manufacture of its products and in its construction activities. Our new cement kiln did not start to operate until February 1966 and in order to meet these additional requirements, we were obliged to purchase very considerable quantities of clinker and cement.

Aerial view of Northern approaches to Mercier bridge. Road building and concrete paving by MIRON.



## CONCRETE

We are pleased to inform you that for the first time in its history, your Company produced and sold over one million cubic yards of concrete in the year under review.

Two concrete plants were installed, one on the South Shore of the St. Lawrence River and the other in the Turcot Yards, this latter installation being for the supply of concrete to a very large traffic complex designed to serve the Trans-Canada Highway and Expo '67.

## ASPHALT

Production of asphalt increased by about 10% during the year. Prices were marginally lower, and construction contracts, in which the bulk of this material was used, did not produce profit margins equal to those of previous year.

## OTHER PRODUCTS

Sales volume of crushed stone, concrete blocks and other concrete products was maintained at about the same level as that of previous year with profits remaining steady.

## CONSTRUCTION

The volume of work executed by the Construction division increased by 24% over that of the year 1964/65.

Here also, the strike of independent truckers mentioned previously, difficulties in obtaining planned delivery of new equipment which would have permitted lower unit costs, and the very nature of the work performed, all contributed to reduce the profits of this Division. Orders on hand are at a record level, and the "know-how" of this Division together with the equipment now at its disposal should result in higher profits in the coming year.

## WAGES, SALARIES AND TAXES

As may be expected during such periods of activity, cost of wages and salaries of our 2,500 employees have increased considerably. The same holds true for the many related fringe benefits. Moreover additional taxes and benefits were added to the burden which the Company must absorb, and which directly affect its costs.

Your Company paid out last year as wages and salaries \$12,500,000 plus \$1,200,000 for related fringe benefits. In addition, our budget provides nearly \$1,000,000 for municipal and school taxes. These amounts do not include many other obligations such as sales taxes, etc., which must be paid before any calculation of income taxes. We must also absorb the cost of the detailed administrative work required for the collection and the control of these sums.

Your Company is happy to contribute so substantially to the prosperity of the country, but in view of the importance of these new costs, it is not surprising that profit margins decline.

It is hoped that Government authorities, equally aware of these problems, in guiding the economy, will find the means to allow private industry a degree of prosperity compatible with the free enterprise system.

## DEPRECIATION AND INCOME TAXES

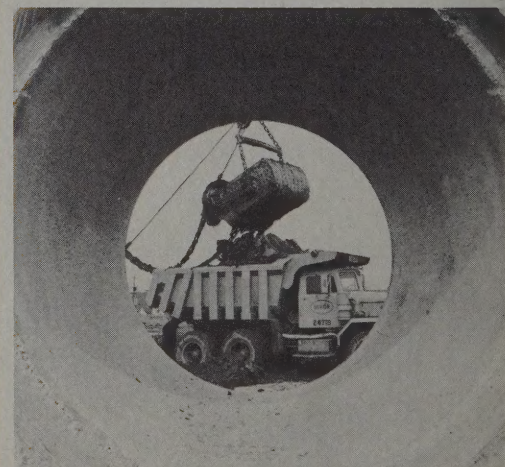
Depreciation has been calculated on the same basis as in prior years and your Directors consider the amount provided fair and reasonable. No



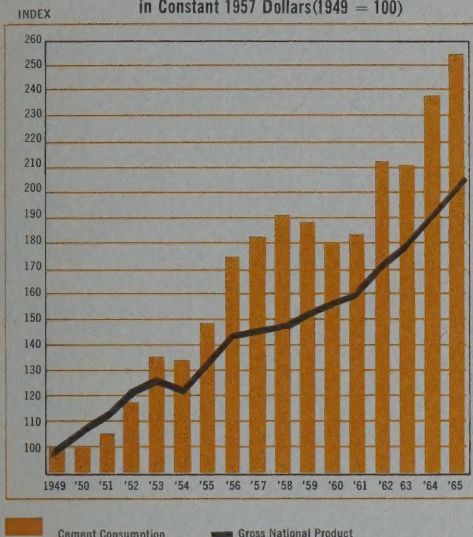
Rock excavation by MIRON



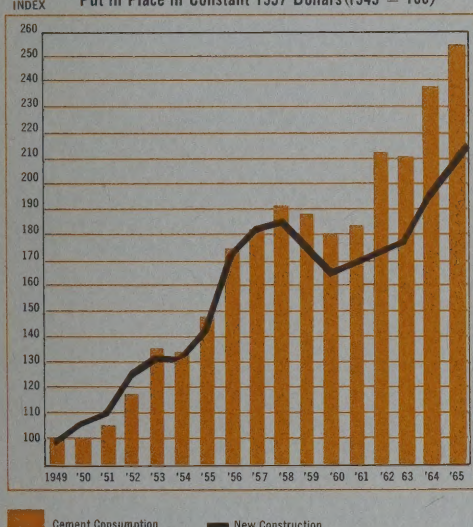
MIRON in action



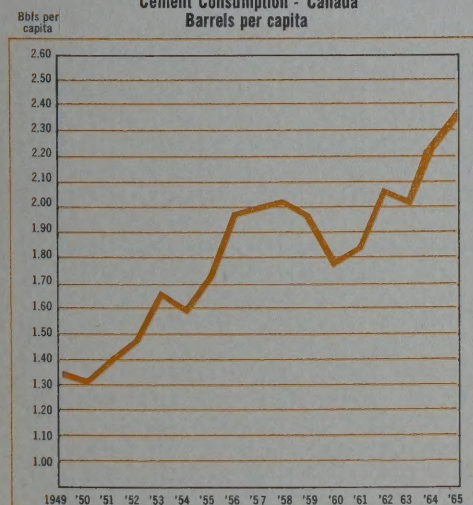
**CANADA**  
Cement Consumption vs Gross National Product  
in Constant 1957 Dollars (1949 = 100)



**CANADA**  
Cement Consumption vs New Construction  
Put in Place in Constant 1957 Dollars (1949 = 100)



**Cement Consumption - Canada**  
Barrels per capita



income tax is payable on this year's operations, due to claiming capital cost allowances in excess of depreciation and depletion provided in the accounts.

## CAPITAL EXPENDITURES AND FINANCING

This has been a special year for us in this respect. The capital outlay on the new cement kiln, quarry installations and mobile equipment amounted to over \$13,000,000. Considerable effort has been devoted to this program of expansion, not only in the planning and achievement of each project but also in the provision of the required funds. No operating profits were derived from the major projects during the year under review. However, it is expected that they will contribute profits starting in 1966/67.

In view of this expansion program, your Company issued and sold at par, \$5,000,000 6% Series "B" First Mortgage Bonds which sum together with cash on hand, allowed us to proceed with the expansion. Our financial charges were therefore increased. Working capital has been reduced by about \$5,000,000 while net fixed assets show an increase of \$10,000,000.

## DIVIDENDS

During the fiscal year 1965/66, that is from 1st April 1965 to 31st March 1966, preferred shareholders received dividends totalling sixty cents per share.

## OPTIONS

With the aim of providing further incentive to our employees, your Board of Directors has reserved a total of 120,000 6% preferred shares for an employee option plan, and have granted options for a total of 59,000 shares. In this manner, we may recognize good performance and create a spirit of cooperation among our personnel.

## INTERNATIONAL CONCRETE MATERIALS INC.

The outstanding minority interests in this company were purchased during the past year, and International Concrete Materials Inc. is now a wholly owned subsidiary.

## CONCLUSION

Your Directors are fully aware of the continual efforts necessary to reduce expenses on the one hand, and to increase revenues on the other, so that we may generate profits more appropriate to the volume of sales and to the capital invested in your Company.

We look forward to the future with confidence, but at the same time we are aware of growing competition. The total production capacity of cement, particularly in our Province, will most probably exceed consumption, making necessary the use of all our talents and imagination.

Sincere thanks and appreciation are extended to all the employees of the Company who continue to show increased efficiency and diligence. We gratefully acknowledge the continued faith and understanding shown by the shareholders.

On behalf of the Board of Directors,

*W. H. F. F. F.*  
President

## ASSETS

	1966	1965
<b>CURRENT ASSETS</b>		
Cash and marketable securities — at cost which approximates market . . . . .	\$ 404,563	\$ 3,851,741
Accounts and bills receivable . . . . .	5,424,706	4,038,622
Tender deposits and holdbacks on contracts . . . . .	2,460,537	1,628,775
Work in progress — billing value . . . . .	2,166,975	1,035,347
Inventories — raw materials, finished products and supplies — at the lower of cost and market . . . . .	4,952,951	4,219,324
Instalment receivable on mortgage . . . . .	200,000	247,500
Prepaid expenses . . . . .	550,945	351,680
Total current assets . . . . .	<u>16,160,677</u>	<u>15,372,989</u>
<b>INVESTMENTS</b>		
Government of Canada Bonds — pledged as guarantee on contracts — at cost which approximates market . . . . .	351,290	334,790
Mortgage receivable less instalment shown as current asset . . . . .	—	200,000
	<u>351,290</u>	<u>534,790</u>
<b>FIXED ASSETS (Note 1)</b>		
Land, quarries, buildings, machinery, equipment and rolling stock — at cost . . . . .	70,475,080	57,854,841
Less accumulated depreciation and depletion . . . . .	15,371,778	12,988,746
	<u>55,103,302</u>	<u>44,866,095</u>
<b>OTHER ASSETS</b>		
Preliminary expenses, rights, interest, trademarks and organization expenses — at cost . . . . .	2,450,643	2,425,643
Discount and expenses on issues of bonds and stock — unamortized balance . . . . .	494,488	470,822
	<u>2,945,131</u>	<u>2,896,465</u>
	<u><u>\$74,560,400</u></u>	<u><u>\$63,670,339</u></u>

ON BEHALF OF THE BOARD:

L. A.-LAPOINTE, Q.C., Director  
FRED H. ERNST, ENG., Director

## BALANCE SHEET

1966

### LIABILITIES

	1966	1965
<b>CURRENT LIABILITIES</b>		
Bank loan . . . . .	\$ 6,546,779	\$ 2,284,761
Bank loan — tender account . . . . .	568,000	476,000
Accounts payable and accrued expenses . . . . .	4,704,568	3,015,822
Customers deposits on future deliveries . . . . .	—	568,132
Provision for taxes . . . . .	902,559	761,766
Long term debt instalments . . . . .	1,630,000	1,530,000
Total current liabilities . . . . .	14,351,906	8,636,481
<b>LONG TERM DEBT (Note 2)</b>		
First Mortgage Sinking Fund Bonds,		
6½% Series "A" . . . . .	9,000,000	9,200,000
6% Series "B" . . . . .	4,900,000	—
Non-interest bearing loan . . . . .	11,970,000	13,300,000
	25,870,000	22,500,000
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock (Note 3) —		
Authorized:		
4,800,000 — 6% non-callable, non-cumulative, participating		
preferred shares of the par value of \$10 each . . . . .	\$48,000,000	
3,200,000 — ordinary shares of the par value of \$2.50 each . . . . .	8,000,000	
	\$56,000,000	
Issued and outstanding:		
2,361,420 — preferred shares (2,353,920 in 1965) . . . . .	23,614,200	23,539,200
1,600,000 — ordinary shares . . . . .	4,000,000	4,000,000
	27,614,200	27,539,200
General reserve . . . . .	240,000	240,000
Retained earnings . . . . .	6,484,294	4,754,658
	34,338,494	32,533,858
	\$74,560,400	\$63,670,339

### AUDITORS' REPORT

To the Shareholders of Miron Company Ltd.:

Montreal, Canada, May 9, 1966.

We have examined the consolidated balance sheet of Miron Company Ltd. and its subsidiary companies as at March 31, 1966, and the statements of consolidated profit and loss and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Except for a subsidiary company for which we are not the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In the case of the subsidiary whose accounts were examined by other chartered accountants, we have relied on the report of such chartered accountants.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, and on the basis of the report of the other chartered accountants referred to above, the accompanying consolidated balance sheet and statements of consolidated profit and loss and retained earnings with the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Miron Company Ltd. and its subsidiary companies as at March 31, 1966, and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying consolidated statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned consolidated financial statements, presents fairly the sources and applications of funds of Miron Company Ltd. and its subsidiary companies for the year ended March 31, 1966.

MARCEL M. DUCHARME, C.A.  
of Samson, Bélair, Côté, Lacroix et Associés

H. MARCEL CARON, C.A.  
of Clarkson, Gordon & Co.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at March 31, 1966

## NOTE 1

Depreciation and depletion on a undepreciated balance of approximately \$11,000,000 of fixed assets will not be allowed as deductions from future earnings for the purpose of determining taxable income.

## NOTE 2

- a) 6¼%, First Mortgage Sinking Fund Bonds, Series "A", maturing June 15, 1986

Authorized and issued . . . . .	\$10,000,000
Less: redeemed and cancelled . . . . .	600,000
Outstanding . . . . .	9,400,000
Less: sinking fund instalment due June 15, 1966, shown as current liability . . . . .	200,000
	<u>\$ 9,200,000</u>

- b) 6%, First Mortgage Sinking Fund Bonds, Series "B", maturing August 1, 1990

Authorized, issued and outstanding . . . . .	\$ 5,000,000
Less: sinking fund instalment due August 1, 1966, shown as current liability . . . . .	100,000
	<u>\$ 4,900,000</u>

- c) Non-interest bearing loan, payable in annual instalments of \$1,330,000 on June 30 in each of the years 1966 to 1975 inclusive, and covered by irrevocable letters of credit

Less: instalment due June 30, 1966 shown as current liability . . . . .	\$13,300,000
	1,330,000
	<u>\$11,970,000</u>

Obligations in respect of the letters of credit are secured by the following issue of bonds:

General Mortgage Serial Bonds, maturing to the extent of \$1,330,000 on June 30 in each of the years 1961 to 1975 inclusive, and bearing no interest before maturity and 6% interest after maturity.

Authorized, issued and pledged as collateral: . . . . .	\$19,950,000
Less: bonds matured and cancelled . . . . .	6,650,000
	<u>\$13,300,000</u>

## NOTE 3

During the year, 7,500 preferred shares were issued at their par value and paid for in cash under options which expired June 21, 1965. In December 1965, the company adopted an Employee Option Plan under which 120,000 preferred shares are reserved for issue to employees of the company or its subsidiaries. Such options may be exercised within ten years of their date of issue for a price equal to 90% of market value on the day preceding date of issue, but not less than \$10 per share. On March 31, 1966, options had been granted for a total of 59,000 shares.

## NOTE 4

In order to reflect more accurately interest and other financial charges, certain other expenses formerly included under this title have been transferred to "Operating, selling and administrative expenses". Comparative figures for 1965 have been changed accordingly.

## NOTE 5

The company has continued its policy of claiming, in accordance with the law, capital cost allowances in excess of the depreciation and depletion written in the books, and of excluding the value of work-in-progress and holdbacks on contracts from its taxable income.

As a result of such policy, income taxes of \$2,100,000 which would otherwise be payable on the current year's profits have been deferred and no provision for income taxes appears in the accounts. On a cumulative basis, the total income taxes so deferred to March 31, 1966 (all of which can be attributed to excess capital cost allowances over book depreciation and depletion) amount to \$6,383,000. This amount will become payable in future years, at a date more or less remote, depending to a large extent upon the level of future capital expenditures.

## NOTE 6

The company is a party to two pending lawsuits instituted against it by the same plaintiffs, one for an amount of \$1,040,250 claiming the balance of the selling price of certain assets and interest, and the other claiming the cancellation of the same sale due to error. The company's legal Counsel are of the opinion that these lawsuits are ill-founded; moreover, the company claims from several defendants including the plaintiffs in the two above-mentioned cases, damages, totalling approximately \$2,000,000 arising out of facts in connection with the same sale.

## NOTE 7

As of March 31, 1966 outstanding commitments for the acquisition of fixed assets amounted approximately to \$1,000,000.

I.B.M. Building, Montreal.

Delivery of MIRON concrete to this important addition to the Place Ville Marie complex.



## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 1966

	1966	1965
<b>NET SALES AND SERVICES . . . . .</b>	\$40,666,577	\$34,047,416
Operating, selling and administrative expenses . . . . .	33,381,056	27,211,571
	7,285,521	6,835,845
Interest and sundry revenue . . . . .	318,305	309,531
	7,603,826	7,145,376
Interest and other financial charges (Note 4) . . . . .	1,066,654	964,357
Net operating profit before depreciation and depletion . . . . .	6,537,172	6,181,019
Depreciation and depletion . . . . .	3,392,184	3,351,680
<b>NET OPERATING PROFIT . . . . .</b>	3,144,988	2,829,339
Profit on disposal of assets . . . . .	—	222,968
<b>NET PROFIT FOR THE YEAR . . . . .</b>		
(Note 5) . . . . .	\$ 3,144,988	\$ 3,052,307



## STATEMENT OF CONSOLIDATED RETAINED EARNINGS

for the year ended March 31, 1966

	1966	1965
<b>BALANCE AT BEGINNING OF YEAR</b>	\$ 4,754,658	\$ 2,643,919
Net profit for the year . . . . .	3,144,988	3,052,307
	7,899,646	5,696,226
Dividends paid on preferred shares . . . . .	1,415,352	941,568
<b>BALANCE AT END OF YEAR . . . . .</b>	<u>\$ 6,484,294</u>	<u>\$ 4,754,658</u>

Approaches to Boucherville Bridge, under construction.



## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended March 31, 1966

### SOURCE:

Net profit for the year . . . . .		\$ 3,144,988
Add back non cash items —		
Depreciation and depletion . . . . .	\$ 3,392,184	
Amortization of discount and expenses on issues of bonds and stock . . . . .	38,860	3,431,044
		6,576,032
Issue of preferred shares . . . . .	75,000	
Issue of Series "B" bonds . . . . .	5,000,000	
Instalment receivable on mortgage, included in current assets . . . . .	200,000	5,275,000
		11,851,032
Decrease in working capital . . . . .		4,927,737
		<u>\$16,778,769</u>

### APPLICATION:

Purchase of fixed assets — net . . . . .	\$13,629,391
Reduction of long-term debt . . . . .	1,630,000
Dividends paid . . . . .	1,415,352
Expenses on issue of bonds . . . . .	62,526
Purchases of investments and sundry . . . . .	41,500
	<u>\$16,778,769</u>



VILLA MEDICA, medical and convalescent centre, Montreal.

## PRODUCTS

Portland Cement

Type I — Normal

Type II — Low Heat

Type III — High Early Strength

Masonry Cement

Ready-Mixed Concrete

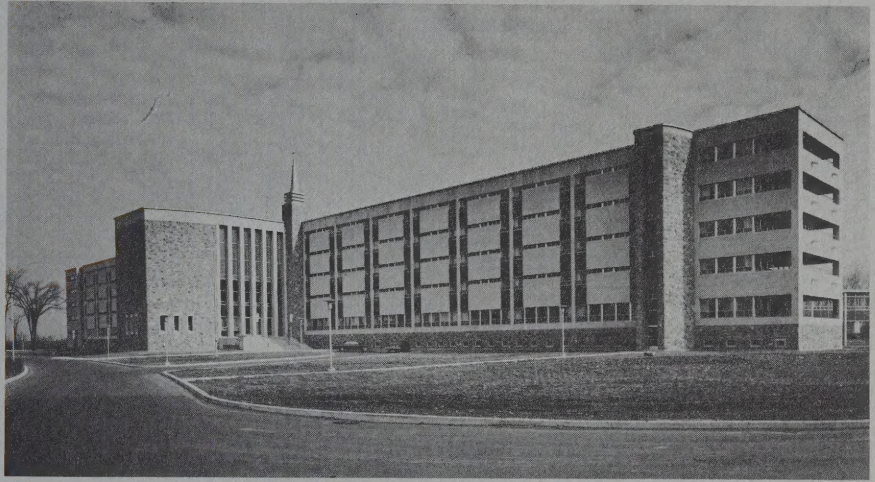
Concrete Blocks and Bricks

Concrete Pipe

Crushed Stone and Sand

Bituminous Concrete (Asphalt)

Precast Concrete Products



St. Joseph Pavilion, Holy Cross Sisters, St. Laurent, Que.

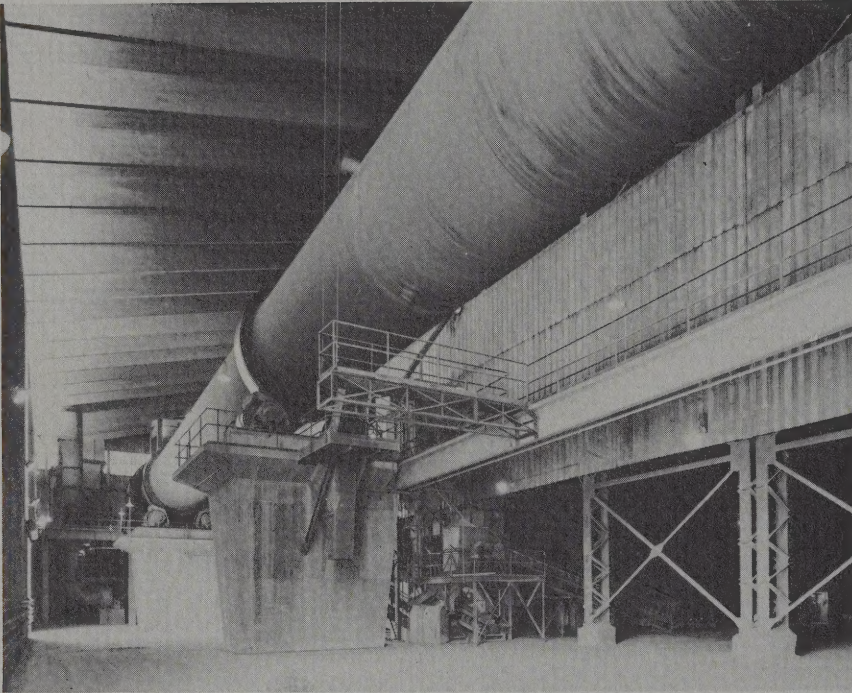
## SERVICES

Construction of Highways, Streets and Sidewalks, Paving, Excavation, Construction of Sewers, Construction Equipment Rentals.

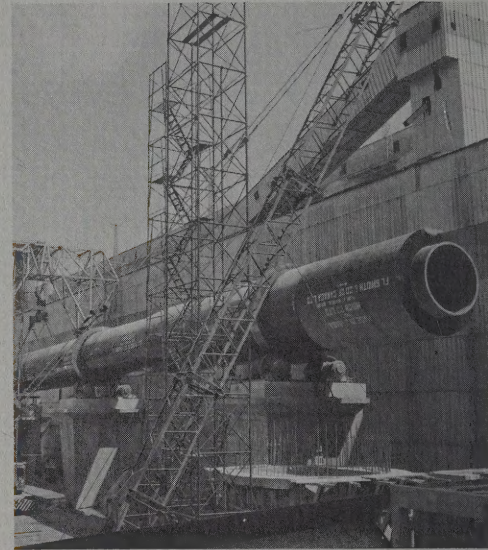


Place Victoria, Montreal, the tallest concrete structure in the world. MIRON supplied large quantities of ready-mixed concrete and masonry cement to this spectacular project.

## A LOOK AT THE EXPANSION PROGRAM IN PROGRESS



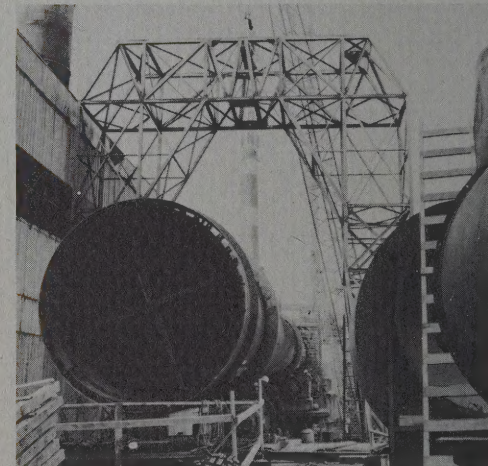
Completed installation of the new kiln.



Installation of the second kiln.



Placing of prestressed concrete roof sections of the new aggregate shelter. All prestressed units manufactured by MIRON.



Installation of the last section of our second cement kiln.



Part of the new conveyor system in our quarry, using prestressed concrete elements of our own manufacture.



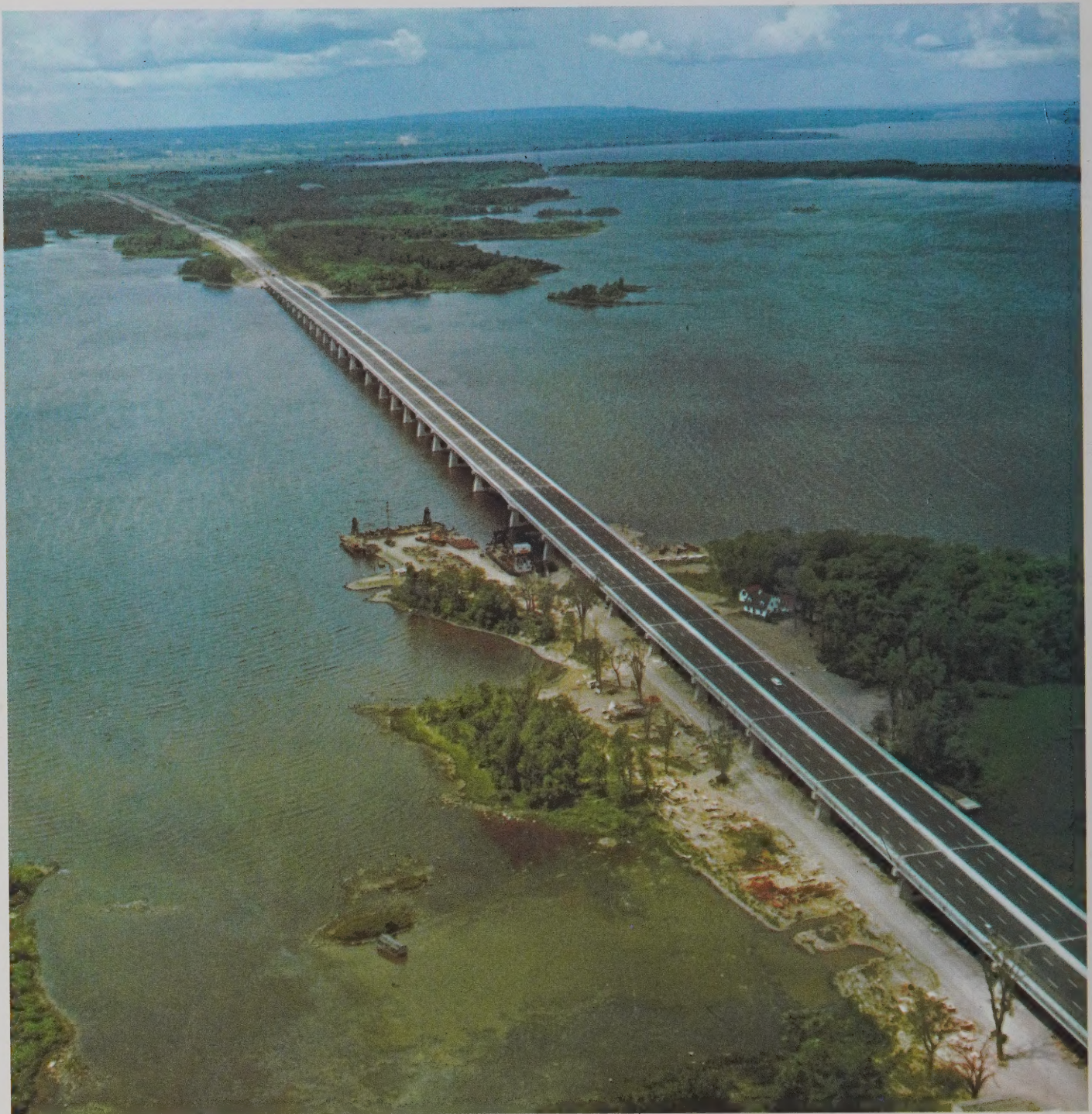
Prestressed concrete conveyor columns of our own manufacture, new quarry facilities.



New units of the Mobile Equipment Division.



MIRON's towering 410-foot chimneys which are a noted Montreal landmark, and view of the cement plant showing recent extension, featuring prestressed concrete walls and roof.



Aerial view of the Ile aux Tourtres bridge, Trans-Canada Highway. This project used over 90,000 cubic yards of MIRON concrete.

